

**CAPITAL PROJECTS ADVISORY REVIEW BOARD  
PROJECT REVIEW COMMITTEE**

**Northwest Carpenters Facility  
25120 Pacific Highway South  
Kent, Washington  
January 22, 2009  
9:00 AM**

**Meeting Minutes**

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**MEMBERS PRESENT**

Charles Davis, Evergreen Healthcare  
Dave Marberg, University of Washington (UW)  
Eric Smith, Chair, UW  
Frank Abart, Whatcom County  
Christy Trautman, King County  
Penny Koal, General Administration (GA)  
Rick Benner, Western Washington University (WWU)  
Jonathan Hartung, SHKS Architects  
Keith Schreiber, AIA, Schreiber Starling & Lane Architects  
Peg Staeheli, SvR Design Company  
Tom Peterson, Hoffman Construction Co. of WA  
Rodger Benson, MA Mortenson Company  
Gary Baldasari, AIA  
Linneth Riley-Hall, City of Seattle

Tom Balbo, Ferguson Construction, Inc.  
Phil Lovell, Vice Chair, Turner Construction NW  
Mark Scoccolo, SCI Infrastructure LLC  
Mike Shinn, Shinn Mechanical  
Darron Pease, Pease & Sons, Inc.  
Dan Chandler, PE, AIA, Olympic Associates Co.  
Paul Berry, Harris & Associates  
Juan Huey Ray, Office of Minority and Women's  
Business Enterprises (OWMBE)  
Fred Tharp, Washington State Department of  
Transportation (WSDOT)  
Darlene Septelka, Landon Construction Group  
Miriam Israel Moses, Rebound

**MEMBERS ABSENT**

Don Gillmore, Seattle Public Schools  
Gary Arndt, P.E., Parametrix

Tony Benjamin, Urban League of Metro Seattle

**STAFF, GUESTS, PRESENTERS**

Searetha Kelly, GA  
Cheri Lindgren, Puget Sound Meeting Services  
Charlie Hafenbrack, GLY Construction  
Mike Purdy, UW  
Allen Nygaard, UW  
Rick Hughes, LOTT  
Brian Topolski, LOTT  
Eric Hielema, LOTT  
Pat Roe, HDR Engineering, Inc.  
Howard Weisberg, LOTT

Dan Becker, LOTT  
David Bernier, Lake Chelan Community Hospital  
Barry Leahy, Lake Chelan Community Hospital  
Phil Giuntoli, Collins Woerman  
Lynn Sordel, City of Lynwood  
Keith Comes, NAC/Architecture  
Larry Van Horn, City of Lynnwood  
John Moir, City of Lynwood  
Katie Anderson, City of Lynnwood

**Welcome & Introductions**

Chair Eric Smith called the Capital Projects Advisory Review Board (CPARB) Project Review Committee (PRC) meeting to order at 9:05 a.m. The PRC welcomed new member Linneth Riley Hall representing cities. Everyone present provided self-introductions.

**Approve Agenda**

The agenda was accepted as presented.

**Approve December 4, 2008 Meeting Minutes**

**Frank Abart moved, seconded by Fred Tharp, to approve the December 4, 2008 meeting minutes.**

The following changes were requested to the minutes:

- Change “Roger” to “Rodger” within the second line of the bolded paragraph on page 12.
- Note that Ms. Staeheli, in addition to Mr. Balbo and Mr. Lovell, also left the meeting during the break as reflected in the italicized paragraph on page 9.
- Replace “29” with “22” within the second line of the next to the last paragraph on page 3.

**Motion carried as amended.**

**Public Comments**

There were no public comments.

**Other Business**

Members discussed the status of changes to the Alternative Public Works (APW) statute proposed by the CPARB for the 2009 legislative session.

*Mr. Huey-Ray and Ms. Moses arrived.*

**Certification Application Review for Design Build (DB) – University of Washington**

Mr. Lovell assumed the duties of Vice Chair. Mr. Smith participated in the University of Washington’s (UW) certification application presentation.

Dave Marberg recused himself from the discussion of the UW certification application because of a potential conflict of interest.

Vice Chair Lovell outlined the certification application review process and the role of the PRC. Evaluating criteria were reviewed.

Several members indicated they forwarded questions to the UW prior to the meeting. However, no answers have been provided. Mr. Smith indicated he did not receive a list of questions. Owner representatives are available to answer questions during the presentation.

Mr. Purdy and Mr. Nygaard introduced themselves.

Mr. Smith reported the UW would like to take advantage of economic stimulus funding at both the state and federal level. The University has an extensive list of projects, some of which could take advantage of the DB methodology. One advantage of the DB method is speed of delivery, which is an important factor for securing stimulus funding. The UW is experienced in using the DB method.

Mr. Smith reviewed evaluating criteria outlined in the Revised Code of Washington (RCW) chapter 39.10. He provided an overview of the UW’s Capital Projects Office (CPO). The CPO includes approximately 120

employees with broad experience in all aspects of capital project delivery including project managers and design and construction professionals overseeing a variety of projects.

Mr. Smith described the process the UW utilizes to determine which projects are appropriate for the DB methodology. CPO engages with UW stakeholders and forwards a recommendation to executive staff and the Provost. The Board of Regents is briefed on the use of APW.

The UW has acted as consultants to other agencies. One example is assistance to WSDOT in developing its selection process for an administrative and maintenance facility in Olympia. The UW also participated in the selection activity. UW is an active member of the Design Build Institute of America (DBIA).

Mr. Smith reviewed the highly successful \$30 million Benjamin Hall Building for Interdisciplinary Research project. One objective was quickly delivering a state-of-the-art facility at a price supporting rental rates competitive with the private sector. After analyzing all available delivery methods, UW determined the project objectives could be achieved by adapting the DB process outlined in the statute into a Design Build Operate and Maintain (DBOM) method. The project delivery employed three contracts:

- A DB contract for construction of the core and shell;
- A DB contract for construction of the individual laboratory tenant improvements; and
- A long-term building operations and maintenance contract.

The objectives of the project were all successfully accomplished. The creative design team was able to include another floor in the building. A picture of the completed facility was presented. In 2006, the DBIA honored the project as the best public DB project in the nation.

Another project includes the \$17 million Educational Outreach Building. Many of the objectives were similar to those of the Benjamin Hall Building. The University terminated the project because of convenience factors in 2007. A picture of what the building would have looked like was presented. The UW was disappointed the project was not completed.

The PRC approved the use of DB for the Regional Scale Nodes project. UW is pleased with progress to date. The project is dependent on federal funding. A photograph of the cable network project was provided.

Mr. Smith reviewed some DB fundamentals and lessons learned.

Mr. Benson reported UW did an extraordinary job of managing the DB process for the Benjamin Hall Building for Interdisciplinary Research project. Mortenson is proud of the outcome. DB is unique, and culturally very different from the General Contractor/Construction Manager (GC/CM) delivery. He asked Mr. Smith to speak on how the UW determines the right project team. Mr. Smith said the UW is prepared culturally to follow through with the discipline it takes to carry out the DB delivery. The University's three key stakeholders include engineering, the technology group, and the environmental health and safety group. The three entities participate heavily in the design phase and dictate the criteria and standards. Stakeholders are invested when determining whether DB or GC/CM is the best methodology to deliver a project prior to presenting the matter to the Regents.

Mr. Benson and Ms. Staeheli asked how the UW will select the Project Manager (PM) who will adapt to a streamlined process when more familiar with a different discipline. Mr. Smith said the PM selected for the DBOM project was more successful than the PM for the Educational Outreach Building. It takes more effort

to ensure the PM assigned to a project is aware of the differences. The most significant management challenge was reminding the team to avoid conflicts with the design builder's job. Mr. Nygaard added that the stakeholders working with the team are important when determining which methodology to use. The UW has many skilled PMs that could do a good job. The skill sets are available. The selection method is critical.

Ms. Septelka commented that she is surprised that only two employees with construction experience have DBIA training or certifications. Mr. Smith said the list includes PMs who have participated in the three projects as described earlier. A high number of PMs are qualified and capable of managing the DB procurement method.

Discussion ensued on UW's training program. Mr. Nygaard said the organization is dedicated to training. Lessons learned from projects are shared with all PMs. Economic stimulus funds might not be expended on buildings, but on roofs, HVAC systems, and fire sprinkler systems. The organization has a number of DB projects that are not at the same level as the projects reviewed earlier.

Ms. Septelka commented that UW's junior staff should be more involved in DBIA training and gain a better understanding of the DB delivery method. Mr. Smith acknowledged the comment.

Mr. Berry asked for elaboration on how the UW evaluates the condition of the market when selecting the appropriate methodology for a project. Mr. Smith said the project must be attractive. It's expensive for contractors to compete. UW conducts extensive research, tests the market through interviews and contacts, and solicits input from potential contractors.

Discussion followed on safeguards. Mr. Benner asked whether the Board of Regents has determined a different delivery is appropriate rather than the method presented by staff. Mr. Smith replied that the Board does not assume that role within the organization and only provides governance.

Mr. Nygaard reported the UW completes 300 successful projects annually. Staff has credibility with the Board of Regents.

Specific to state audit findings, Ms. Moses said she's not satisfied UW's resolution methods corrects the problems. Failure to file the intent to pay prevailing wages is a violation of the law. If there was a failure to file there was also a failure to post, which is also a violation and could have resulted in debarment of subcontractors. She asked whether the UW files a complaint with Labor and Industries (L&I) when it becomes aware the intent to pay prevailing wage statements are not filed and/or posted, and when reviewing data necessary to release progress payments, whether the associate Construction Manager (CM) views the statement of intent for payments to be released, the contractor must sign an affidavit attesting prevailing wages were paid. Ms. Moses asked whether the UW has a protocol in place to monitor certified payroll records and conducts spot checks to ensure the statements of intent are posted.

Vice Chair Lovell said he's unsure the questions are germane to UW's qualifications to pursue DB projects. The appropriate personnel might not be present to answer the questions adequately as well.

Ms. Moses contended that the organization must comply with the statute. The questions are appropriate.

Mr. Nygaard acknowledged the UW received an audit finding, and that the agency had a different interpretation of the law. The audit findings concerned payments to the contractor during the predesign process. The UW didn't believe it had a construction contract during the predesign. There was no GC/CM in place. However, the UW paid the contractor who ultimately became the contractor for the project. The

dispute was with the Auditor's Office. UW decided to proceed differently. Safeguards are in place. The UW ensures prevailing wages are paid before payments to the contractor occur.

Pertaining to the posting issue, Mr. Purdy said the CMs are looking at that issue in the field. Part of the agency's response to the audit findings was to change some processes. The construction manager verifies the list of subcontractors provided by the contractor prior to releasing payments.

Ms. Moses added that she probably wouldn't have asked the questions had she known the audit findings were related to a pre-construction process.

Mr. Tharp asked about UW's position on awarding contracts based on Best Value (BV) rather than low bid. Mr. Smith said GC/CM and DB are BV competitions. The selection criteria are set up well in advance as part of the Request for Proposals (RFP) and Request for Qualifications (RFQ) processes. For example, price was half of the total score for the Benjamin Hall Building. Mortenson was awarded the contract based on the cost per square foot per year for a 30-year program. Mortenson was able to add another 25,000 square feet within its proposal. Price is an important factor. However, the law allows public owners to consider other factors. The UW is willing to pay a premium for the firm best qualified to complete the job.

Mr. Huey-Ray asked about the criteria UW uses to ensure participation of minority and women businesses in the DB method. Mr. Smith said the organization requires the general contractor to submit a plan outlining the strategy for involving minority and women-owned businesses. The plan is part of the evaluation criteria. Mr. Purdy added that UW works with the contractor during the term of the contract and monitors implementation.

Mr. Huey-Ray said the reports suggest UW staff would benefit from more training as it relates to the inclusion of minority and women businesses. The numbers don't reflect there is sufficient experience to ensure, encourage, or maximize participation.

Mr. Purdy referred to a university-wide business diversity program recently implemented. The organization is working to be deliberate and develop strategies to achieve better results.

Mr. Huey-Ray commented that it appears there's no statement as it relates to minority and women businesses.

There were no public comments.

Mr. Benson said the UW was a good partner with Mortenson and the design team. Mortenson would likely undertake another DB project with the university given the opportunity. There hasn't been any positive activity in the capital projects market projected for the next several years. Pursuing DB jobs is a luxury because it's an expensive endeavor for all parties. He encouraged the UW to evaluate how it will use the DB methodology for future projects.

Mr. Nygaard said the UW realizes it's a major force within the state in terms of public works. The agency has capacities that other public agencies don't have. The University wants to be ready to respond if economic stimulus funding should become available. That is the main reason the request.

**Fred Tharp moved, seconded by Paul Berry, to approve the UW application for certification for DB. Motion carried unanimously.**

Chair Smith recessed the meeting from 10:24 a.m. to 10:33 a.m.

**Project Application Review for GC/CM – LOTT Alliance – Budd Inlet Treatment Plant Process Improvements**

(Panel Chair Miriam Israel Moses, panel members Rodger Benson, Paul Berry, Penny Koal, Dave Marberg, Tom Peterson, Keith Schreiber, and Christy Trautman.) Panel Chair Moses introduced the panel. She asked the team to address questions submitted prior to the meeting during the presentation. She reviewed the evaluation criteria and described the project review process.

Rick Hughes, Chief Administrative Officer/General Counsel, reported LOTT, an independent corporation is named for the alliance between Lacey, Olympia, Tumwater, and Thurston County. The regional wastewater utility serves 91,000 residents within the 3 cities and 102,000 employers within the jurisdictional area. The agency's Capital Improvement Plan (CIP) through 2025 is ambitious and totals approximately \$330 million.

Brian Topolski, P.E., introduced team members Eric Hielema, P.E., Pat Roe, P.E., Dan Becker, and Mike Purdy. Mr. Purdy was hired to assist with GC/CM applications and packages.

Mr. Topolski reported LOTT has a history of implementing innovative projects. A picture of the \$45 million Martin Way Satellite Reclaimed Water Plant was shared. It's the first facility dedicated to water reclamation in the state. Additional LOTT projects were reviewed and include a biological nutrient removal upgrade, southern connection interceptor projects, Administrative/Education Center and water quality laboratory, and pump station and Budd Inlet improvements.

In response to a question submitted prior to the meeting, Mr. Topolski elaborated on the \$6 million secondary clarifier RAS pump upgrade project. The launders were failing, which could violate LOTT's permit. The agency declared an emergency, worked with the design engineer and CH2M Hill contractors, and negotiated a Maximum Allowable Construction Cost (MACC). The parties proceeded with construction while still under design. The process resulted in cost savings, which were shared with the contractor.

Mr. Hielema reported LOTT has sufficient funds available for complete construction of the primary sediment improvements. The organization is pursuing State Revolving Loan (SRF) and Public Works Trust Fund (PWTF) funds for biological treatment improvements. If external funding sources are not available, LOTT will use bonding to finance the total improvement package.

Mr. Hielema reviewed the project scope to upgrade the existing plant and construct new facilities. A picture of the 14-acre plant was presented. The site is congested. The Port of Olympia owns all adjoining land. The primary sedimentation component includes construction of two new sedimentation tanks, modifications to the electrical and control systems, and revisions to the piping systems within and around the operating facility. The biological treatment improvement includes modification of the main biological treatment tank, remodeling of an intermediate pump station, installation of new aeration blowers, construction of new chemical feed facilities, and other site improvements. Phased construction is required to comply with discharge permit requirements to protect water quality and to provide continuous treatment of wastewater and prevent sewer system overflows to protect public health. Graphics of the existing primary sedimentation basins and biological nutrient removal system were provided. The new distribution structure and piping must be constructed while wastewater is treated.

Involvement of the GC/CM during design results in reduced risks. The project involves the selection of critical equipment. For most items, multiple vendors exist. Early identification of the appropriate equipment type is important for items requiring a long lead-time for fabrication and delivery. LOTT is the most highly regulated wastewater facility on Puget Sound. A GC/CM engaged throughout the process allows for greater communication and coordination with operations. A GC/CM firm provides constructability reviews.

The plan is to use HDR for the design of both the primary sedimentation improvements and biological treatment modifications. One GC/CM pre-construction services contract is envisioned. Separate MACCs will be negotiated at 90% of Construction Documents (CDs).

Mr. Becker reviewed the schedule of activities and timelines for the two projects. A revised organizational chart was presented. Team additions include the following:

- Mike Purdy – Advise team on procurement process and CDs
- Scott Hodgins – Advise team on process and assist with negotiating the MACCs
- Tom Wolfendale, KL Gates – Legal representation and advice on the GC/CM process

Owner staff responsibilities include:

- Brian Topolski, Engineering Director – Project oversight
- Eric Hielema, Project Manager – Day-to-day responsibility for managing the project; design, construction, permitting and coordination with operations
- Howard Weisberg, Contract Administrator – Fiscal oversight and processing of pay requests
- Clint McDaniels, Construction Manager – Day-to-day owner representative during construction

Mr. Becker said he will assist with development of the RFP and work with the LOTT team to review and advance contract administration issues as well as providing construction management support. He reviewed legal support staff and their respective roles. A table illustrating level of effort of the team members for complete project delivery was presented. He reviewed LOTT's proposed process to select the GC/CM. Unique GC/M contracting characteristics were highlighted.

Mr. Benson said the project is appropriate for the GC/CM methodology. He expressed concerns related to the team's experience with APW delivery under the RCW. He referred to the organizational chart. Most of the staff with Washington State GC/CM experience appears to drop down to approximately 5%. He asked the owner to explain how Mr. Hielema and Mr. McDaniel will absorb the expertise of other members that are not on the project site or readily available. Mr. Hielema explained that LOTT has three CMs on staff. Construction management is done internally for projects below \$5 million. For larger projects, the agency relies on assistance from consultants. In this case it would be Mr. Becker.

Mr. Benson asked if the construction management consultants will be actively engaged in the project, such as attending weekly project meetings and the like. Mr. Hielema answered yes.

Mr. Benson asked if the owner will rely on Mr. Purdy for GC/CM experience during the construction phase. Mr. Becker said Mr. Purdy and Mr. Hodgins will be involved with the development of a project management plan. As the project moves forward, the team will meet and consult with them on a regular basis to discuss issues and solicit advice; however he's unsure they will attend the weekly meetings at this point in time.

Mr. Marberg asked if Mr. Becker will attend the weekly meetings. Mr. Becker answered yes. Mr. Marberg indicated he is more comfortable knowing that Mr. Hielema's level of effort is 80% throughout project delivery.

In response to a request from Mr. Marberg, Mr. Hielema described Mr. McDaniels' construction background.

Discussion ensued on secured funding for the project and that the projects could be completed separately if required. Mr. McDaniels will be the primary day-to-day contact during construction.

Mr. Benson asked who will oversee construction management meetings. Mr. Hielema advised that Mr. McDaniels will oversee the meetings.

Mr. Schreiber asked about characteristics of the project best served by the GC/CM delivery rather than Design Bid Build (DBB). Mr. Topolski said similar projects were designed during the summer months. This project involves the biological treatment process. The large basin consists of five separate trains, two or three of which are used in the summer. The timeframe for construction is limited during lower flows. The flows double during the winter months and will triple with a major rain event. The size and type of the project are unique and more sequencing is involved. The primary sedimentation and biological treatment are the two most critical treatment portions of the entire process.

Ms. Koal asked how the team intends to engage in early procurement during pre-construction services without a MACC. Mr. Hielema said if technology or an equipment component requires early procurement, the owner will furnish the technology or equipment. Concurrence from the contractor upfront is a benefit. Mr. Becker added that the RCW provides for early procurement and including it in the MACC.

Panel Chair Moses asked how the team will function given the experience presented. She expressed some uncertainty about some of the funds not secured. Mr. Weisberg responded that in terms of funding, the agency has an AAA bond rating. LOTT has been contacted by banks interested in providing financing services, retiring old bonds, and issuing new bonds given the organization's high bond rating. The agency has funding secured for the first phase of the project. The second phase will not commence for another two years. LOTT's rate structure is solid.

Mr. Becker provided additional information on the team's organization, his role, and how team members will function after the GC/CM is hired. Mr. Purdy will assist the organization in managing the GC/CM process.

Mr. Benson asked HDR representatives to review their state GC/CM experience. He also asked Mr. Hielema to explain how the owner's relationship with the contractor is different with GC/CM than with DBB. Mr. Becker advised that HDR has completed GC/CM work in Oregon, Arizona, and California, but none in Washington. Mr. Purdy, Mr. Hodgins, and Mr. Wolfendale will assist LOTT with the GC/CM delivery and ensure the owner is following the statute. Mr. Hughes added that at some point, each owner has its first experience with the GC/CM methodology.

Mr. Lovell said that under GC/CM there is a separate financial or reimbursement system for pre-construction services rather than the MACC piece. He asked whether the team considered how to separate the two when staff is also engaged in pre-construction activities for the second phase. Mr. Becker said the team did not consider that issue in much detail. The solicitation documents require the GC/CM to provide a strategy. Additionally, the projects are on different schedules. Pre-construction services are required for the biological component while construction continues in the first phase.

There were no public comments.

Mr. Benson reminded panel members that very few projects, if any, are funded at the time an agency makes the decision to use GC/CM. The RCW states public bodies may utilize the GC/CM procedure for public works projects where the proposal involves construction in an occupied facility, which must continue to operate during construction. Having said that, he said he's unsure the owner understands issues related to



contingencies and other matters not typical in a DBB environment. If the application is approved, he encouraged the team to formalize the relationship with Mr. Purdy, conduct regularly scheduled biweekly meetings, and take advantage of his experience. If the team is looking to go back to the contract to deal with issues in the field, the owner is missing the point of the GC/CM process.

Mr. Marberg stated the proposal is a textbook example of a project qualifying for GC/CM.

Mr. Berry agreed the project is eligible. One concern is the management structure. He suggested the owner should carefully consider the scope of services in the consultant contracts to ensure the agency is effectively integrating the expertise into the process and team.

Panel Chair Moses shared the same concern for the team's staffing structure. Utilizing the GC/CM expertise of the consultants is critical to ensure a successful project.

Ms. Koal said it appears the owner understands the solicitation element is very different and pre-construction is a benefit. However, many things happen during construction that is different from the DBB strategy. Other advice and counsel is likely to address issues that will arise during construction.

**Paul Berry moved, seconded by Rodger Benson, to approve the LOTT Alliance application for GC/CM for the Budd Inlet Treatment Plant process improvements.**

Mr. Benson expressed support for the motion. He encouraged the owner to take advantage of advice offered by panel members. The agency has surrounded itself with the right people, but there are too many. Streamlining the process will help the GC/CM.

**Motion carried unanimously.**

Chair Smith recessed the meeting from 11:34 a.m. to 12:02 p.m. for a lunch break.

**Project Application Review for GC/CM – Chelan County Public Hospital District #2 – dba Lake Chelan Community Hospital**

(Panel Chair Jonathan Hartung, panel members Rick Benner, Chuck Davis, Dan Chandler, Eric Smith, Miriam Israel Moses, Phil Lovell, and Peg Staeheli.) Panel Chair Hartung reviewed the application evaluation procedures.

David Bernier, Chief Executive Officer, reported the owner reassessed the project following last month's PRC meeting. The agency hired a professional expert, Darlene Septelka, to assist the team through the GC/CM process.

Ms. Septelka described why the GC/CM contracting procedure is appropriate for the proposed project. She pointed out one of five criteria outlined in the statute must be met. All five were considered. The proposal meets three of the five criteria:

- *If implementation of the project involves complex scheduling, phasing, or coordination, what are the complexities?* The bond vote will not occur until August 2009 followed by the land purchase closing in November 2009. Construction will commence immediately. The project must be completed by Memorial Day 2011. Chelan's population increases six-fold during summer months. The existing hospital is struggling to meet current demands. Conditions are inadequate and maintenance costs exceeded \$1

million last year. Ms. Septelka described constraints associated with the current site. Beginning construction in the winter will require the expertise and coordination of an experienced contractor.

- *If involvement of the GC/CM is critical during the design phase, why is this involvement critical?* The GC/CM involvement in the design process is critical to the success of the project. Because of the remote nature of Chelan, the subcontractor community is at least an hour away. A GC/CM will help generate subcontractor interest from outside the Chelan area. A GC/CM will also assist with developing the funding plan for the bond drive. Several pieces of equipment will need to be moved from the old hospital to the new facility while maintaining operations at the hospital.
- *If the project encompasses complex or technical work environment, what is this environment?* Building a new hospital encompasses a technical environment consisting of operating rooms and sophisticated utilities.

Ms. Septelka reported that using the GC/CM contracting method serves the public's interest by enabling early involvement of the contractor during the design process. The GC/CM contractor will help guide the design within the proposed budget, resolve issues during design, and assist the team with value engineering studies to create the best public value in the hospital design based on approved public funds. A GC/CM will deliver a new hospital quicker than DBB allowing the public earlier access to quality hospital care.

An organization chart was provided. Ms. Septelka described her role on the team along with her construction experience and knowledge of the GC/CM process.

In terms of schedule, the team understands the GC/CM selection process and will follow the RCW.

Mr. Lovell referred to the budget to construct a new 105,000 square-foot hospital for approximately \$28 million, which includes sales tax, P&P bond, insurance, and contingency. The cost per square foot equates to approximately \$236. He said he's not aware of any new hospital under construction within the state for less than \$236 a square foot. A reasonable expectation is \$400 a square foot. Ms. Septelka said she worked through the budget resulting in the numbers in the revised application. The team reviewed the square foot costs, evaluated other hospitals, and is comfortable with the raw numbers for construction. Adding land and other add-ons increases the price a square foot to \$459. Mr. Lovell asked if there are sufficient funds to build a brand new full service hospital. Ms. Septelka indicated there are sufficient funds. Another representative added that he knows of another hospital built for \$178 a square foot.

Mr. Lovell referred to the new organizational chart. He asked if a half-time employee is adequate for pre-construction. Ms. Septelka responded that Mr. Leahy is available to support the project full time if necessary.

Further discussion followed on the project team's involvement in various stages of the project. Ms. Septelka said Mr. Leahy is the day-to-day person. She will advise Mr. Leahy to ensure the GC/CM and oversight management are following the GC/CM process. Mr. Johnson is also on-site 20% of the time. The project is sufficiently staffed.

Mr. Hartung asked whether nine months is reasonable from schematic design to breaking ground, which includes permitting and construction documents (CDs). The schedule is aggressive and there appears to be no flexibility. Mr. Giuntoli acknowledged that the schedule is aggressive. The owner can run parallel processes with team members in place. The hospital district is waiting for the PRC's approval. Since the last meeting, the owner has been working on programming activities and master planning for the site. The owner is ready to start schematic design, which should advance quickly. The team is relying on some negotiated timeframes

specifically for permitting, which the hospital district has not undertaken. Mr. Bernier added that the City of Chelan understands the timeline and projects and is willing to assist.

Discussion ensued on the target completion date. Mr. Bernier reported \$1 million allocated annually for maintenance of the existing hospital is excessive and a waste of funds. The owner wants to eliminate that expense in the annual budget. The May completion date is firm. Mr. Hartung commented that the schedule in terms of financial obligations is driving the decision to use the GC/CM delivery model.

Mr. Chandler asked about the outcome if the bond fails and how that affects the status of the GC/CM. Ms. Septelka reported GC/CM costs are covered during the pre-construction phase. The construction phase does not commence until after the ballot. It's important to communicate in the RFQ and RFP that the owner has not secured financing and there is a potential the construction will not move forward. The contract will include an owner's right to terminate.

Discussion ensued on the two-phase contract for preconstruction and construction and general condition items.

Mr. Chandler said he's also concerned about the cost. He asked whether the owner reviewed the Skagit Valley Hospital cost per square feet data. Mr. Giuntoli advised that the facility is larger. Mr. Chandler said it's currently difficult to construct a project under \$500 a square foot. Ms. Septelka said the GC/CM will review the costs prior to the hospital pursuing the bond issue. Mr. Bernier said the owner has met with Chelan residents to talk about their vision for a new hospital and what they are willing to support. Two previous super majority bond elections failed by a very narrow margin by 22 and 76 votes. Residents were not able to support an expansion project with a \$12 million parking garage on the existing site. The hospital district's debt capacity recently increased from \$17 million to \$76 million. Theoretically, the district could pay for the project. The owner is not asking voters to approve bonds for the total project cost.

Mr. Smith complimented the team for responding so well to concerns raised by the PRC. The owner has made the case for a good GC/CM project. He asked questions related to the fee proposal, whether there is a level of interest for a good competitive process in Chelan and/or the surrounding vicinity, and whether the risk concerning funding will provide for an attractive proposal. Ms. Septelka said the fee proposal will come in at the same time of the interview. However, it will not be opened until after the interviews are scored. Mr. Smith said it's important participants believe there is an open, transparent process and that the scores in the interview phase are not manipulated based on pricing. Ms. Septelka said the district is likely to engage in a public bid opening process, which could generate more interest from the contracting community. Mr. Bernier has received calls from contractors interested in the project.

Mr. Davis concurred with comments articulated by Mr. Smith. He referred to criterion within the RCW and indicated he's not convinced it has been fully addressed. The traditional delivery might offer a fiscal benefit. He asked the team to elaborate on the written management plan. Ms. Septelka commented that the owner gains a benefit because the subcontractors bid within the same environment. She said she'll work with Mr. Leahy on developing the management plan.

Mr. Hartung commented that the traditional delivery model is not practical given the project schedule.

Mr. Benson said the team might be underestimating the effort necessary to solicit interest from general contractors. Contractors solicited before are not likely to resubmit proposals. If the criteria have changed the owner will need to outreach to the community. Ms. Septelka said the owner will likely send letters to all contractors that weren't short-listed explaining the hospital is reopening the process and that the process will follow public GC/CM rules.

Mr. Benner spoke in favor of approving the request. The team answered his questions and understands GC/CM criteria.

Mr. Davis agreed. The project is a good candidate for the GC/CM APW delivery. However, some members have expressed concerns about the project costing more than the original estimates.

Mr. Chandler echoed similar concerns but won't underestimate the level of effort. He encouraged the owner to listen feedback from the construction community.

Ms. Moses spoke in favor of the project.

Mr. Lovell said he's vote to approve the request. The owner team is aware of the challenges.

Ms. Staeheli said the team addressed schedule issues raised at the last meeting. Schedule and ground constraints lead to increased costs and a 5% cost contingency will not cover schedule and ground conditions.

**Miriam Israel Moses moved, seconded by Eric Smith, to approve the Chelan County Public Hospital District #2 application for GC/CM for the Lake Chelan Community Hospital project. Motion carried unanimously.**

Chair Smith recessed the meeting from 12:51 p.m. to 1:05 p.m.

**Project Application Review for GC/CM – City of Lynnwood – Recreation Center Renovation and Expansion**

(Panel Chair Phil Lovell, panel members Charles Davis, Tom Balbo, Fred Tharp, Frank Abart, and Eric Smith). Panel Chair Lovell reviewed the application procedures and the criteria contained in the statute. Panel members provided self-introductions.

Lynn Sordel, Director of Parks, Recreation and Cultural Arts for the City of Lynnwood, introduced the project team. He provided an overview of the current 28,765 square-foot community recreation center built in 1976 and subsequent renovations and additions. The request is expanding the facility to approximately 44,145 square feet involving the following elements:

- 9,966 square feet of aquatic expansion with new leisure pool and play features
- 5,414 square feet of building space

The City of Lynnwood completed two feasibility studies in the last 10 years prior to adopting the final conceptual plan last year. Eleven community meetings were conducted last summer. The City Council approved the project in July 2008 and approved the financing plan on November 24, 2008. The center will be closed during construction with programs and services relocated to another location. The City is negotiating a short-term lease for off-site space to accommodate program and service needs. The project budget includes funds for tenant improvements in a leased space. The work will be included in the general contractor's contract.

Mr. Comes presented a site plan of the existing recreation center. The project includes renovating and expanding the existing center with redesigned lobby and fitness spaces, offices, locker rooms, racquetball courts, and multi-purpose rooms. The proposal also includes an aquatic expansion. The shallow pool will be

excavated deeper and converted to a warm water wellness pool. Two of the 4 racquetball courts will be converted to a group exercise area. The leisure pool addition is a focal point of the venture. The existing removable canvas roof will be replaced with a permanent partially retractable roof system. The project also includes development of new staff parking on an adjoining City-owned lot.

Mr. Comes reviewed the proposed schedule. The City is hiring a permanent PM for the project. The project is intended to meet Leadership in Energy and Environmental Design (LEED) silver requirements at a minimum. The project is registered with the U.S. Green Building Council. He described the standard design process, which will include ongoing collaboration with the owner and GC/CM partner. The team and GC/CM will work to refine the cost estimates to keep the project on budget. The construction schedule and detail spans a reasonable 16-month timeframe. There are no critical start or stop deadlines. However, the facility is closed during construction. The owner will work with the GC/CM to assess the construction schedule. Minimizing the time the facility is closed and allowing partial occupancy is an advantage to the City.

Mr. Van Horn reported he has direct GC/CM experience on a number of larger projects with Snohomish County beginning in 1996. He acknowledged the statutes have changed. More recently he completed a campus redevelopment initiative for Snohomish County. The recreation center project is complex and adjacent to the fire department, an essential public facility. The City is interested in sharing risks with the GC/CM. NAC/Architecture and subconsultants possess GC/CM experience. A team has been assembled to deliver the project to the City. The financial plan for the project is solid. The GC/CM strategy will deliver a better project rather than DBB.

Mr. Moir provided an overview of the financial plan. The Council approved the funding for design and construction costs along with the adoption of two ordinances creating bond anticipation notes (similar to construction loans for private capital projects). Upon completion, the notes will be retired by the proceeds of permanent financing in the form of Limited Tax General Obligation Bonds when final costs are known. The City of Lynnwood has an AA credit rating.

Mr. Van Horn reviewed answers to questions submitted by panel members prior to the meeting concerning project staffing/organization, reporting roles, schedule, the intended program for disputes resolution, and perceived advantages. A handout of the questions and answers was provided.

Mr. Lovell asked if the City plans to use an outside cost estimator for the project. Mr. Comes said the primary role for a cost estimator falls with the GC/CM. NAC/Architecture employs a cost estimator who will work with the GC/CM.

Mr. Lovell asked whether the owner will have ongoing design reviews with the City and other agencies, such as the health department. Mr. Van Horn answered yes. Mr. Lovell suggested the owner clarify that design reviews will be ongoing when soliciting proposals for the GC/CM.

Mr. Comes referred to the schedule and noted a pre-application meeting with the health department is scheduled following schematic design. The schedule does not account for ongoing discussions during the process.

Mr. Davis asked the team to provide additional information concerning the fiscal benefits under the APW delivery method and/or where the traditional delivery strategy is not practical, whether the team assembled has the requisite GC/CM experience and clear lines of authority. Mr. Van Horn explained that the project is high profile. Assuring the community the owner can deliver the project on time and on budget is critical. In a traditional DBB delivery and while it might be a good climate right now, it leaves a substantial risk on the

table and exposure for the City. The GC/CM methodology lowers the risks to the community and taxpayers, delivers a better facility, and with more assurance the project will be delivered on time without significant cost overruns.

Mr. Comes reviewed complexities associated with the project. Having a contractor involved in assessing piecemeal additions and resolving issues is important, as well as matters concerning the pool and systems associated with it.

Mr. Davis asked whether the owner can envision any project where the traditional DBB provides an advantage. Mr. Van Horn referred to a \$2.2 million city hall project. DB and/or the GC/CM alternative models are better suited for more sophisticated projects. A goal is securing the expertise to manage the project on the City's side. He indicated that he has GC/CM experience. The owner has the resources to ensure a successful project. He said he will work with the City's attorney to develop a project manual. A strong safety plan will be a requirement, as well as a team-building meeting.

Mr. Balbo asked whether the existing facility provides revenue to the City. Ms. Anderson reported programs at the regional recreation center generate revenues of approximately \$1.8 million annually. Approximately 7,000 swim lessons are provided. Mr. Sordel added that there is no other recreation center in the community for transferring programs. In the interim, some existing programs will be relocated to the senior center. The 32-year old facility is the City's revenue source for recreation.

Mr. Balbo asked whether the RFQ requires contractors to have pool experience. Mr. Comes affirmed that is the intent. Mr. Balbo said the owner wants to solicit input concerning the HVAC design from the general contractor.

Discussion ensued on Marty Manegold's role and responsibilities. Mr. Van Horn said the change order process will be initiated from the project manager's office.

Mr. Tharp said critical areas supporting GC/CM involvement concerns the contractor assisting the City with relocating recreation activities during construction and more specifically, how the contractor's schedule will benefit the owner in determining the duration. The contractor could also assist with tenant improvements in a temporary facility. He asked the team to clarify if that is the intent. Ms. Anderson responded that the Public Facilities District has an older building that might be suitable for the center's temporary programs and an existing preschool program that cannot be accommodated at the senior center. The plan is to relocate as many programs as possible to the senior center and work with the GC/CM on the timelines to transition from the existing recreation center structure, as well as, the design and construction of tenant improvements in a timely manner to facilitate construction at the recreation center. Mr. Comes emphasized that the pool will be closed during construction. Additionally, another goal is engaging the GC/CM on strategizing ways to minimize impacts to the community.

Mr. Abart said he's not convinced there are challenges unique to the site. Mr. Van Horn said 44<sup>th</sup> Avenue West is one of the busiest thoroughfares in Lynnwood. It provides access to and from I-5. The Fire Department is responds to emergency service calls daily. The GC/CM might want to use a portion of the site for construction activities. There are shared utility functions between the two facilities.

Mr. Abart expressed concerns about whether the team's depth of GC/CM experience will deliver a successful project, particularly if something should occur to limit Mr. Van Horn's participation. Mr. Van Horn responded that the Council and Mayor are committed to a successful project and will provide resources necessary to meet

that goal. Mr. Comes added that the City is committed to hiring a PM with GC/CM experience. Lynnwood will take advantage of NAC/Architecture and its depth of GC/CM experience.

Ms. Anderson reported she has worked with NAC/Architecture and is confident with the proposal.

Mr. Benson commented that Mortensen worked several years with Mr. Van Horn on a project in Snohomish County. The Northwest Construction Consumer Council selected the project as the best public project the year it was completed, which is a testament to Mr. Van Horn's management style and understanding of the GC/CM process. The PRC has considered a number of applications with one person on a team with GC/CM experience. He encouraged the panel to maintain consistency.

Additional feedback during panel deliberation included:

- The team demonstrated the project is a good fit for GC/CM. Mr. Van Horn's depth of knowledge and understanding of the delivery model is impressive.
- One member spoke in support of the application but not without some concerns.
- The team is capable of delivering the project regardless whether there is redundancy now or not. If conditions change, the owner will adapt to those changes.
- It would be nice if the owner could restructure and have Mr. Van Horn manage the project.
- One concern is the owner does not have a PM. However, based on Mr. Van Horn's background the Mayor will probably look to him to help select the right project manager to administer the job.

**Fred Tharp moved, seconded by Tom Balbo, to approve the City of Lynnwood's application for project approval to use the GC/CM alternative contracting procedure for the recreation center renovation and expansion. Motion carried unanimously.**

Chair Smith recessed the meeting from 2:04 p.m. to 2:09 p.m.

#### **Application Review Post Mortem**

Members offered the following post mortem feedback:

- Because certifications require participation and approval from the entire PRC, adding another 15-20 minutes for the review process would be beneficial.
- The process improves when questions from panel members are forwarded in advance. The applicants are then prepared to answer the questions.
- Certifications should be scrutinized heavily. It was a surprise that more members did not have questions concerning initial application information.
- It was more difficult to prepare for this meeting given the holidays, weather conditions, and agencies working on economic stimulus project funding packages.
- Under no circumstances should members be admonished in public for comments and/or questions they ask that might be considered not relevant.
- Providing an orientation for new members on the role of the PRC as outlined by the Legislature would be beneficial. Each member represents a specific aspect of public works; however, members are not necessarily representing their respective constituency. Members are charged with evaluating criteria established by law when determining whether an owner is qualified.
- Any compliance issue does and can have an extreme bearing on budget and costs.
- The only person that can help move the review process forward is the panel Chair.

- It was frustrating so much time was spent on the audit finding issue. It's appropriate for the Chair to move matters forward. Members often combine several questions at the same time, making it difficult for teams to respond. It would be helpful for applicants to provide supplemental written information to the PRC at least a day in advance of the meeting.
- Applicants could be instructed to answer questions forwarded by members in advance of the meeting in their presentations.
- Supplemental questions and answers should be posted on the website along with the respective public body certification and project applications.
- Meeting minutes, which includes details of questions and answers, are available on the website.
- Ask applicants to submit changes to their applications in writing to GA two days before the meeting giving members an opportunity to review the materials.
- Notify the applicants that questions and answers should be incorporated within the initial submittal.
- All members should read the applications prior to the meeting to avoid a repeat presentation of the submittal. One purpose of the interview is responding to questions from the PRC and/or panel. Proposers take a significant portion of the time allotted to re-explain their application.
- The instruction letter to the applicants should outline the criteria the PRC is using to evaluate certification and/or project application proposals.
- A method to identify team members would be helpful.
- Include a copy of the score sheet with the instruction letter to the proposer.

Chair Smith and Vice Chair Lovell said they will follow up on developing a form letter.

#### **Set Next Meeting Agenda**

- Certification and/or project applications submitted by the deadline
- Review a refined instruction letter to applicants
- Legislative session update

All members, and in particular new members, were encouraged to review project applications and to attend meetings including those assembled for panels only.

Chair Smith reported he will work with Mr. Lovell and Ms. Hofstad to create a better instruction letter to applicants for review at the next meeting. .

In response to a question from Mr. Peterson, Chair Smith said the expectation is to let public bodies know questions to their applications will be forwarded and that the PRC looks forward to the applicants responding to the questions during the presentation. A note on the website referring potential applicants to previous meeting minutes would be useful.

Mr. Tharp offered another perspective of applicants presenting their applications, which creates the record. Members ask questions during the presentation. The PRC and panels are rendering decisions based on the information presented during the interview.

#### **Adjournment**

**Miriam Israel Moses moved, seconded by Fred Tharp, to adjourn the meeting at 2:48 p.m. Motion carried.**